

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Davison Richfield Senior Citizens Authority	County Genesee
Fiscal Year End June 30, 2006	Opinion Date August 18, 2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

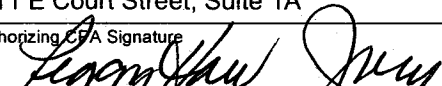
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	Not required	
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number (810) 767-5350	
Street Address 111 E Court Street, Suite 1A		City Flint	State MI
City Flint		State MI	Zip 48502
Authorizing CPA Signature 	Printed Name Peggy Haw Jury		License Number 1101009025

Annual Financial Report

**Davison Richfield Senior Citizens Authority
Davison, Michigan**

June 30, 2006

with *Independent Auditors' Report*

Davison Richfield Senior Citizens Authority
Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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Introductory Section

Davison Richfield Senior Citizens Authority
Davison, Michigan
List of Appointed Board Members

Gerald Richards	Chairperson
Gerald Masters	Vice Chairperson
Joyce Schneider	Secretary
Karen Miller	Treasurer
Margaret LittleJohn	Board
James Hansen	Board
Norma Vohwinkle	Board

Financial Section

Independent Auditors' Report

Davison Richfield Senior Citizens Board
Davison Richfield Senior Citizens Authority
Davison, Michigan

We have audited the financial statements of the governmental activities of the Davison Richfield Senior Citizens Authority, Davison, Michigan (Authority) as of June 30, 2006, and for the year then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective financial position of the governmental activities of the Davison Richfield Senior Citizens Authority, Davison, Michigan at June 30, 2006, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 - 5 and the information in the required supplementary information section on page 14 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Plante & Moran PLLC

August 18, 2006

Management's Discussion and Analysis

Davison Senior Citizens Authority Management's Discussion and Analysis

As management of Davison Senior Citizen's Authority (Authority), we offer readers of Davison Senior Citizen's Authority's financial statements this narrative overview and analysis of the financial activities of the Davison Senior Citizen's Authority.

The basic financial statements for the Davison Senior Citizen's Authority are comprised of the governmental fund balance sheet/statement of net assets, governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities and notes to the financial statements.

The statement of net assets presents the information of the governmental fund for both the assets and liabilities, with the difference between the two reported as net assets.

The statement of activities presents information showing how the governmental fund's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental fund and government-wide financial statements.

Financial Highlights

The government-wide financial analysis focuses on the Statement of Net Assets and the Statement of Activities. The total assets of the Authority are \$1,372,252 of which \$1,279,846 represents fixed assets net of accumulated depreciation. The liabilities are \$28,109, which represents amounts due to Davison Township of \$25,262 and \$2,847 of amounts due to vendors and employees, leaving current net assets of \$1,344,143. The restricted net assets are restricted for memorials (\$5,742), the Euchre Club (\$1,084), and the Travel program (\$57,471).

Net assets invested in capital assets amount to \$1,279,846.

Net assets decreased \$8,640 for the Authority as a result of \$285,320 in Senior Center expenses which were offset by local contributions and charges for services of \$272,742 and general revenues of \$3,938.

General Fund Budgetary Highlights

The Authority adopted and amended their original budget. Actual revenues (\$276,680) exceeded actual expenditures (\$250,427) by \$26,253. No operating fund balance exists for the Authority as the units of government annually cover the cost of operations. The Authority does have fund balance that is reserved for the following purposes: non-operating purposes of \$5,742 received from memorial contributions, reserved for Euchre Club of \$1,084 and reserved for trips of \$57,471.

Government-wide Financial Analysis

Davison Richfield Senior Citizens Authority's Net Assets

Governmental Activities

	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 92,406	\$ 65,495
Capital assets	<u>1,279,846</u>	<u>1,314,739</u>
Total assets	<u>1,372,252</u>	<u>1,380,234</u>
Liabilities - current	<u>28,109</u>	<u>27,451</u>
Net assets:		
Invested in capital assets	1,279,846	1,314,739
Restricted for memorials	5,742	4,684
Restricted for trips	57,471	32,480
Restricted for Euchre Club	<u>1,084</u>	<u>880</u>
Total net assets	<u>\$1,344,143</u>	<u>\$1,352,783</u>

Davison Richfield Senior Citizens Authority's Capital Assets - Net of Depreciation

Governmental Activities

	<u>2006</u>	<u>2005</u>
Land	\$ 115,437	\$ 115,437
Land improvements	330,069	331,254
Building	813,707	838,365
Furniture and fixtures	<u>20,633</u>	<u>29,682</u>
Total	<u>\$1,279,846</u>	<u>\$1,314,738</u>

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,344,143 at the close of the most recent fiscal year.

Current and other assets increased \$26,911 due to higher cash balances in the trip-bank account at June 30, 2006.

By far the largest portion of the Authority's net assets (93%) reflects its investment in capital assets.

Capital asset activity, in fiscal year 2006, included additions of \$9,075: concrete sidewalks and ramps, railing for the ramps and a new desk for the Executive Director's office. Depreciation expense of \$43,968 was recorded in 2006.

**Davison Richfield Senior Citizens Authority's
Changes in Net Assets**

Governmental Activities

	<u>2006</u>	<u>2005</u>
Revenues		
Program revenues:		
Intergovernmental local contributions	\$ 103,724	\$ 244,239
Charges for services	169,018	146,812
General revenues:		
Miscellaneous income	3,938	4,971
	<hr/>	<hr/>
Total revenues	276,680	396,022
	<hr/>	<hr/>
Expenses and losses:		
Senior Center	285,320	419,611
	<hr/>	<hr/>
Total expenses	285,320	419,611
	<hr/>	<hr/>
Increase (decrease) in net assets	(8,640)	(23,589)
Net assets beginning of the year	1,352,783	1,376,372
	<hr/>	<hr/>
Net assets - end of the year	\$1,344,143	\$1,352,783
	<hr/>	<hr/>

Intergovernmental local contributions decreased \$140,515 from prior year mainly due to revenue being recognized for a parking lot contributed to the Authority by Davison Township in the prior year. The lot was funded with a community development block grant through the Township.

Charges for services increased \$22,206 from prior year due to increased trip revenue from the travel program.

Senior Center expenses and losses decreased due to a \$154,553 loss on the sale of the old center recognized in 2005. The City of Davison was holding the deed to the property and handled the sale. All proceeds of the sale were returned to Genesee County as the initial construction was funded with federal funds. The loss on the Authority's 2005 statements (\$154,335) represents the undepreciated portion of the asset at the time of sale.

Contacting the Senior Citizens' Management

The financial report is intended to provide our citizens and customers with a general overview of the Senior Citizens' finances and to show the Senior Citizens' accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Senior Citizens' office.

Basic Financial Statements

Davison-Richfield Senior Citizens Authority
Statement of Net Assets and
Governmental Fund Balance Sheet
General Fund
June 30, 2006

	General Fund	Adjustments (Note II A)	Statement of Net Assets
Assets			
Cash	\$ 67,475	\$ -	\$ 67,475
Due from other government:	22,381	-	22,381
Prepaid insurance	2,550	-	2,550
Capital assets - non depreciable	-	115,437	115,437
Capital assets, net of accumulated depreciator	-	1,164,409	1,164,409
Total assets	<u>\$ 92,406</u>	<u>1,279,846</u>	<u>1,372,252</u>
Liabilities			
Accounts payable	\$ 1,865	-	1,865
Accrued wages	732	-	732
Refundable deposits	250	-	250
Due to other government:	25,262	-	25,262
Total liabilities	<u>28,109</u>	<u>-</u>	<u>28,109</u>
Fund Balance/Net Assets:			
Fund balance - reserved for trips	57,471	(57,471)	-
Fund balance - reserved for Euchre Club	1,084	(1,084)	-
Fund balance - designated for memorials:	5,742	(5,742)	-
Total fund balances	<u>64,297</u>	<u>(64,297)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 92,406</u>		
Net assets:			
Invested in capital assets		1,279,846	1,279,846
Restricted for memorials		5,742	5,742
Restricted for trips		57,471	57,471
Restricted for euchre club		1,084	1,084
Total net assets		<u>\$ 1,344,143</u>	<u>\$ 1,344,143</u>

See notes to financial statements.

Davison-Richfield Senior Citizens Authority
Statement of Activities and
Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance
General Fund
Year Ended June 30, 2006

	<u>General Fund</u>	<u>Adjustment (Note II B)</u>	<u>Statement of Activities</u>
Expenditures/expenses			
Senior center	\$ 250,427	\$ 34,893	\$ 285,320
Program revenues:			
Intergovernmental			
Local contributions - operating	103,724	-	103,724
Charges for services	169,018	-	169,018
Total program revenues	272,742	-	272,742
Net program revenue (expenditures)			(12,578)
General revenues:			
Miscellaneous income	3,938	-	3,938
Excess (deficiency) of revenues over expenditure: change in net assets	26,253	(34,893)	(8,640)
Fund balance/net assets			
Beginning of the year	38,044	1,314,739	1,352,783
End of the year	\$ 64,297	\$ 1,279,846	\$ 1,344,143

See notes to financial statements.

Notes to Basic Financial Statements

Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

I. Summary of significant accounting policies

The accounting policies of the Davison Richfield Senior Citizens Authority (Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Davison Richfield Senior Citizens Authority.

A. Reporting entity

The Davison Richfield Senior Citizens Authority (Authority) was formed in September 1979, by an agreement between the City of Davison and Davison Township. Richfield Township entered the joint venture effective July 1, 1996. The purpose of the Authority is to operate a Senior Citizens Center to provide facilities for recreation and activities for senior citizens who live in the City of Davison, the Township of Davison, and the Township of Richfield. The agreement provides that operating expenses in excess of program revenues generated by activities of the Center will be funded equally between the three municipalities.

The Authority is governed by a seven-member Board appointed by the governing bodies of the participating members. The Authority is required to submit an annual operating budget to the governing body of each municipality for approval. Any of the members may withdraw from the Authority by giving written notice one year prior to withdrawal. The withdrawing municipality shall convey its interest to the other participating municipality and shall be reimbursed for its share according to a mutual payment plan which will be consistent with allowable budget expenditures.

The City of Davison made a contribution of \$34,575, Davison Township contributed \$34,575, and Richfield Township made a contribution of \$34,574 for a total of \$103,724 for the year ended June 30, 2006.

The accompanying financial statements present the government and its component units, legally separate entities for which the Authority is considered to be financially accountable. The Authority did not have any component units at June 30, 2006.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or units of government who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Authority does not have any proprietary or fiduciary funds.

Governmental fund financial statements (i.e. the balance sheet and governmental statement of revenues, expenditures, and changes in fund balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This means that only current assets (expendable available financial resources) and current liabilities (those expected to be liquidated with expendable financial resources) are generally included on its balance sheet. Its reported fund balance (net current assets) is considered a measure of “available spendable resources.” Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Municipal billings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

General Fund – It is used to account for all financial resources except those required to be accounted for in another fund.

D. Assets, liabilities, and net assets or equity

1. Cash

The Authority’s cash includes cash on hand and demand deposits.

2. Capital assets

Capital assets, which include land, buildings, and equipment, are reported only in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

I. Summary of significant accounting policies – (continued)

D. Assets, liabilities, and net assets or equity – (continued)

2. Capital assets – (continued)

Furniture and fixtures are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	39
Building	39
Furniture and equipment	7

3. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

4. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance -total governmental funds* and *net assets -governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet. The details of this difference at June 30, 2006 are as follows:

Capital assets, net of accumulated depreciation	<u><u>\$1,279,846</u></u>
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Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

II. Reconciliation of government-wide and fund financial statements – (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures at the time of purchase. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The statement of activities also recognizes donated capital assets as revenue. The fund statement does not. The details of this difference for the year ended June 30, 2006 are as follows:

Purchase of capital assets	\$ 9,075
Depreciation expense	<u>(43,968)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (34,893)</u></u>

III. Stewardship, compliance, and accountability

Budgetary information

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, a proposed operating budget is submitted to the Authority Board for the year commencing July 1. The operating budget, which is prepared on a basis consistent with accounting principles generally accepted in the United States of America, includes total proposed expenditures, and the means of financing them, for the General Fund.
2. After the Board reviews the proposed budget, it is then sent to the three municipalities for their approval. The budget is legally adopted on a fund basis after each municipality submits its approval to the Authority Board.
3. Any revisions that alter the total expenditures of the General Fund must first be approved by the Board and then by each municipality.
4. Budget appropriations lapse at year end.
5. Budgeted amounts are reported on the financial statements as originally adopted and as finally amended by the Authority Board.

Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

IV. Detailed notes on all funds

A. Deposits

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated JP Morgan Chase for the deposit of its funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997 as listed above. The Authority's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's deposits were not subject to custodial credit risk as the Authority's cash balance did not exceed the FDIC insurance limits. Since the deposits are fully insured, and are anticipated to be fully insured in the future, the Authority does not have a deposit policy for managing custodial risk

B. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land *	\$ 115,437	\$ -	\$ -	\$ 115,437
Total capital assets not being depreciated	115,437	-	-	115,437
Capital assets being depreciated:				
Land improvements *	357,128	8,176	-	365,304
Building *	961,654	-	-	961,654
Furniture and fixtures	113,103	899	-	114,002
Total capital assets being depreciated	1,431,885	9,075	-	1,440,960

Davison Richfield Senior Citizens Authority
Davison, Michigan
Notes to Basic Financial Statements
June 30, 2006

IV. Detailed notes on all funds – (continued)

B. Capital assets – (continued)

Primary Government– (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities: – (continued)				
Less accumulated depreciation for:				
Land improvements	(25,874)	(9,362)	-	(35,236)
Building	(123,289)	(24,658)	-	(147,947)
Furniture and fixtures	(83,420)	(9,948)	-	(93,368)
Total accumulated depreciation	(232,583)	(43,968)	-	(276,551)
Total capital assets, being depreciated, net	1,199,302	(34,893)	-	1,164,409
Governmental activities capital assets, net	<u>\$1,314,739</u>	<u>\$ (34,893)</u>	<u>\$ -</u>	<u>\$1,279,846</u>

* All land, land improvements, and building were funded through federal grant dollars which will require program income from a sale to be returned to the granting agency.

C. Deferred compensation plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The Authority makes no contributions. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Currently, the law allows trusts to be created for the plan assets, thereby, insulating the assets from the unit of government's general creditors. Therefore, the plan assets are not shown on the Authority's financial statements, as the Authority does not have any fiduciary or administrative responsibility for the plan.

V. Risk management

The Authority is exposed to various risks at loss related to property loss, torts, errors and omissions, and employee injuries. The Authority has purchased commercial insurance for coverage of all claims except full-time employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Authority pays unemployment claims on a reimbursement basis.

Required Supplementary Information

Davison-Richfield Senior Citizens Authority
Schedules of Revenue, Expenditures, and Changes in
Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2006

	Budget		Actual	Over (Under) Budget
	Original	Final		
Revenues:				
Intergovernmental -				
local contributions	\$ 111,510	\$ 106,011	\$ 103,724	\$ (2,287)
Charges for services	9,500	144,299	169,018	24,719
Miscellaneous income	2,599	13,599	3,938	(9,661)
Total revenues	123,609	263,909	276,680	12,771
Expenditures:				
Current:				
Director - salary	40,448	40,448	39,864	(584)
Part time secretary	19,325	19,325	19,454	129
Payroll taxes	4,573	4,573	4,685	112
Office and operating supplies	6,700	6,700	7,986	1,286
Janitor service	9,600	9,600	9,975	375
Telephone	2,950	2,950	2,502	(448)
Insurance	3,200	3,200	3,906	706
Sewer and water	2,000	2,000	1,918	(82)
Gas	4,200	4,200	4,065	(135)
Electricity	7,000	7,000	8,316	1,316
Auditing fees	2,350	2,350	2,425	75
Repair and maintenance	16,910	16,910	14,312	(2,598)
Copier maintenance and rental	2,300	2,300	1,295	(1,005)
Miscellaneous	253	11,253	404	(10,849)
Membership and conference	600	600	638	38
Transportation	200	200	349	149
Trips and travel	-	105,398	128,333	22,935
Capital outlay	1,000	1,000	-	(1,000)
Total expenditures	123,609	240,007	250,427	10,420
Excess of revenues over expenditure:	-	23,902	26,253	2,351
Fund balance at beginning of year	38,044	38,044	38,044	-
Fund balance at end of year:	\$ 38,044	\$ 61,946	64,297	\$ 2,351



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August 18, 2006

Davison Richfield Senior Citizens Authority Board
Davison Richfield Senior Citizens Authority
Davison, Michigan

Dear Board Members:

We recently completed our audit of the basic financial statements of Davison Richfield Senior Citizens Authority for the year ended June 30, 2006. As a result of our audit, we have the following comment and recommendation for your review and consideration.

Deposits

In our audit of the cash accounts, it was noted that the Authority only deposits money approximately once a month for all bank accounts except the main checking which is maintained by the Township. We recommend that cash be deposited at least once a week to better safeguard assets and allow the funds to earn as much interest as possible.

This report is intended solely for the information and use of Davison Richfield Senior Citizens Authority, Board and Management, the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE

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A worldwide association of independent accounting firms